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## IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

HAYWARD INDUSTRIES, INC.,

Plaintiff,

v.

SALTWATER POOL SUPPLIES, d/b/a SALT POOL STORE, d/b/a SaltPoolStore.com and SALT PRO SYSTEMS LLC d/b/a SALT PRO SYSTEMS d/b/a SALT PRO SYSTEMS DIRECT, d/b/a SaltProDirect.com

Defendant.

Civil Action No. 2:20-cv-06105-KM-ESK

FIRST AMENDED COMPLAINT AND DEMAND FOR JURY TRIAL

### HAYWARD INDUSTRIES, INC.'S FIRST AMENDED COMPLAINT

Plaintiff Hayward Industries, Inc. ("Hayward"), accuses Defendant Saltwater Pool Supplies, d/b/a Salt Pool Store and d/b/a SaltPoolStore.com and Salt Pro Systems d/b/a Salt Pro Systems d/b/a Salt Pro System Direct d/b/a SaltProDirect.com (collectively "Salt Pool Store") of trademark infringement, false advertising, counterfeiting, passing off, false designation of origin, and unfair competition, and related claims, all in violation of the Lanham Act (15 U.S.C. § 1051 et seq), as well as New Jersey statutory and common law.

### THE PARTIES

- Hayward is a New Jersey corporation having its principal place of business at 400
   Connell Drive, Suite 6100, Berkeley Heights, New Jersey 07922.
- 2. Saltwater Pool Supplies, *d/b/a* Salt Pool Store and/or SaltPoolStore.com ("Saltwater Pool"), operates a retail website at <a href="www.saltpoolstore.com">www.saltpoolstore.com</a>. On information and belief, Saltwater Pool has a principal place of business at 3501 Woodhead Drive, Northbrook, Illinois 60062 and at 1850 Cotillion Drive, Unit 3201, Atlanta, GA 30338-7900. Salt Pool Store and SaltPoolStore.com appear to be *d/b/a*'s of, or corporate entities that are owned or controlled by, Saltwater Pool Supplies.
- 3. Salt Pro Systems LLC *d/b/a* Salt Pro Systems *d/b/a* Salt Pro System Direct *d/b/a* SaltProDirect.com ("Salt Pro") is a Delaware limited liability company having its principal places of business at 108 West 13<sup>th</sup> Street, Wilmington, DE and at 3858 Oakcliff Industrial Court, Whs#7, Atlanta, GA 303040. Salt Pro Systems, Salt Pro Systems Direct, and SaltProDirect.com appear to be d/b/a/'s of, or corporate entities that are owned or controlled by Salt Pro.
- 4. On information and belief, Defendants are all affiliated or owned and controlled by the same ownership or management entity. Defendants' conduct, as alleged below, has been coordinated and in concert. Given the close relationship of all Defendants, all Defendants will be referred to as, collectively, "Salt Pool Store," unless otherwise noted.

### JURISDICTION AND VENUE

5. This action arises under federal law, in particular, under the Lanham Act §§ 32(1) and 43(a) (15 U.S.C. §§ 1114(1) and 1125(a)). Accordingly, this Court has subject matter

jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 (federal question) and 1338 (trademark and unfair competition cases).

- 6. This case also arises under the statutory and common law of New Jersey. Pursuant to 28 U.S.C. § 1367, this Court has supplemental jurisdiction over the state law claims because they arise from, or from part of, the same case or controversy as the federal law claims.
- 7. This Court has personal jurisdiction over Salt Pool Store because it has regularly engaged in business in this District and has purposefully targeted its unlawful business activities to the residents of this District by, for example, falsely advertising, offering for sale, and selling infringing, counterfeit products in New Jersey. For instance, Salt Pool Store advertises, offers for sale, and sells the infringing products through its own interactive, retail website, <a href="https://www.saltpoolstore.com">www.saltpoolstore.com</a> and <a href="https://www.saltpoolstore.com">www.saltprodirect.com</a>. Salt Pool Store also advertises, offers for sale, and sells the infringing products through national retail and pool-related websites. Salt Pool Store does not place any geographic restrictions on who can view the advertisements or buy its products from its website and the national retailers and third-party websites, and, as such, the infringing advertisements and products are made available to New Jersey residents. Indeed, as further alleged below, Salt Pool Store has shipped infringing products to residents of New Jersey.
- 8. Venue is proper under 28 U.S.C. § 1391(b) and (c) because a substantial part of the events or omissions giving rise to Hayward's claims have occurred in this District and because Salt Pool Store is subject to this Court's personal jurisdiction, as alleged above.

### FACTUAL BACKGROUND

### A. Introduction

9. Hayward is a leading manufacturer of equipment for commercial and residential swimming pools, such as pumps, heaters, filters, and chlorination systems, among other products.

Hayward has been in business for over 80 years and has become one of the largest manufacturers and sellers of residential pool equipment in the world.

- 10. Hayward offers a vast array of commercial and residential swimming pool and spa products under numerous brands, including under its house mark, HAYWARD®, as well as several HAYWARD-formative marks and designs. Hayward's brands also include, for example, AQUA RITE®, SWIMPURE®, GOLDLINE®, TURBO CELL®, T-CELL-3®, T-CELL-9®, T-CELL-15®, GLX-CELL™, and GLX-CELL-15-W™. Due to the high quality components, materials, and engineering of the Hayward's branded products, they have had and continue to enjoy significant commercial success and customer satisfaction. Hayward has spent significant time and resources developing, advertising, and protecting its brands, and those efforts, along with the high quality of the products, have resulted in consumer goodwill.
- 11. Among Hayward's most popular and profitable products is the AQUA RITE® chlorine generation system, which include as components GOLDLINE®, TURBO CELL®, and T-CELL™ salt chlorination cells for in-ground pools and GLX-CELL™ salt chlorination cells for above-ground pools. HAYWARD® AQUA RITE® chlorine generation systems and the associated salt chlorination cells have been on the market for nearly 25 years, and Hayward has sold over one million units of these products.
- 12. By way of background, pool chlorine generators are electronic systems that turn salt into chlorine to sanitize a pool, eliminating the need to manually add liquid chlorine or chlorine pellets, among other benefits. These systems include various component parts, including in particular the salt cells. A salt cell is part of a larger salt chlorination system (*e.g.*, the AQUA RITE® system) that includes a controller circuit box and various other fittings and components.

For example, a T-CELL<sup>TM</sup> salt cell is included as part of a Hayward salt chlorination system when that system is first installed.

- 13. Further information about these HAYWARD® salt cells, such as the TURBO CELL® salt cells, is freely available to the public, including in this popular YouTube video, "How to Clean Your Hayward Salt Chlorination TurboCell," which can be found at <a href="https://www.youtube.com/watch?v=4Kn5MD7lDyQ">https://www.youtube.com/watch?v=4Kn5MD7lDyQ</a>. As of July 6, 2020, this video alone had at least 537,749 views, attesting to the popularity and consumer recognition of HAYWARD® salt cells and chlorination systems.
- 14. Shown below are a HAYWARD® T-CELL-15® salt cell and a HAYWARD® GLX-CELL-15<sup>TM</sup> salt cell. Some models also bear the TURBO CELL® and GOLDLINE® marks. As seen in the three photos below (the third one being a close-up of a product label), Hayward displays the HAYWARD®, TURBO CELL®, T-CELL<sup>TM</sup>, GLX-CELL<sup>TM</sup>, and GOLDLINE® marks directly and prominently on the products.







15. For decades, products sold under the Hayward Marks, such as HAYWARD® GOLDLINE®, T-CELL-3® T-CELL-9®, T-CELL-15®, GLX-CELL<sup>TM</sup>, GLX-CELL-15-W<sup>TM</sup>,

and AQUA RITE have enjoyed enormous commercial success and have commanded premium prices. Given the strong commercial success of Hayward's salt cells, Salt Pool Store has chosen to unfairly trade on their popularity and goodwill, as further detailed in Section D(5) below.

### B. Hayward's Trademark Rights

- 16. Hayward owns a family of HAYWARD-formative marks, including the federally-registered HAYWARD® mark, Reg. No. 3,969,301, claiming use in commerce since 1956 in connection with various swimming pool equipment, including, *inter alia*, "salt and chlorine generators and parts and fittings thereof" and, since 1996, in connection with "electrolytic chlorine generators," among other electronically controlled components. This trademark was registered on May 31, 2011, and, by virtue of years of continuous and uncontested use, is incontestable under 15 U.S.C. § 1065. HAYWARD® serves as the house mark for Hayward's extensive collection of pool equipment products. A copy of the registration certificate for the HAYWARD mark is attached as **Exhibit A**.
- 17. Since at least as early as 1997, Hayward has owned and used the trademark AQUA RITE®, Reg. No. 3,704,835, in connection with electrolytic chlorine generation systems for use with swimming pools and spas. The mark was registered on November 3, 2009, and, under 15 U.S.C. § 1065, is incontestable. A copy of the registration certificate for the AQUA RITE® mark is attached as **Exhibit B**.
- 18. Hayward also owns the federally-registered mark TURBO CELL®, Reg. No. 3,156,434, claiming use in commerce since 1999 in connection with "electrolytic chlorine generators for use with swimming pools and spas." The mark was registered on October 17, 2006, and, under 15 U.S.C. § 1065, is incontestable. A copy of the registration certificate for the TURBO CELL® mark is attached as **Exhibit C.**

- 19. Hayward likewise owns the federally-registered mark GOLDLINE®, Reg. No. 5,726,797, claiming use in commerce since 2004 in connection with "salt and chlorine generators for use in swimming pools, spas, hot tubs, whirlpools, and other recreational bodies of water." The mark was registered on April 16, 2019. A copy of the registration certificate for the GOLDLINE® mark is attached as **Exhibit D.**
- 20. As noted above, these registered marks have been used continuously in commerce for more than five years without challenge. Thus, these marks have become "incontestable" within the meaning of 15 U.S.C. §1065. Accordingly, they constitute conclusive evidence of (i) Hayward's ownership of these marks; (ii) the validity of these marks; (iii) the validity of the registration of these marks; and (iv) Hayward's exclusive right to use these marks throughout the United States in connection with pool products, namely chlorine generator systems.
- 21. In addition to the above marks, Hayward also owns the federally-registered mark SWIMPURE®, Reg No. 5,932,470, claiming use in commerce since 2006 in connection with electronic chlorine generators and parts and fittings therefor that produce chlorine from salt for use in swimming pools and other recreational bodies of water. The mark was registered on December 10, 2019. A copy of the registration certificate for the SWIMPURE® mark is attached as **Exhibit E.**
- 22. Hayward also owns and uses the common law trademark T-CELL<sup>TM</sup> to designate and further identify the source of its salt cells and its T-CELL line. Hayward has used the T-CELL mark in connection with salt cells since at least the early 2000s.
- 23. Hayward also owns the federally-registered mark T-CELL-3®, Reg. No. 6,085,072, claiming use in commerce since 2009 in connection with electronic chlorine

generators for use with swimming pools and spas. The mark was registered on June 23, 2020. A copy of the registration certificate for T-CELL-3<sup>®</sup> mark is attached as **Exhibit F.** 

- 24. Likewise, Hayward owns the federally-registered mark T-CELL-9®, Reg. No. 6,085,074, claiming use in commerce since 2009 in connection with electronic chlorine generators for use with swimming pools and spas. The mark was registered on June 23, 2020. A copy of the registration certificate for T-CELL-9® mark is attached as **Exhibit G.**
- 25. Hayward also owns the federally-registered mark T-CELL-15®, Reg. No. 6,085,079, claiming use in commerce since 2009 in connection with electronic chlorine generators for use with swimming pools and spas. The mark was registered on June 23, 2020. A copy of the registration certificate for T-CELL-15® mark is attached as **Exhibit H.**
- 26. Hayward also uses the common law trademarks GLX-CELL<sup>TM</sup> and GLX-CELL-15-W<sup>TM</sup>, among other GLX-CELL formative marks, to identify and designate the source of certain models of salt cells. Hayward has continuously and exclusively used these marks in commerce for approximately the last 15 years.
- 27. Hayward has continuously used most of the above-referenced marks (the "Hayward Marks") on and in connection with electrolytic chlorine generators and salt cells for at least the past 20 years and, in some cases, even longer. Over the years, Hayward has invested millions of dollars in the development, engineering, manufacturing, marketing, advertising, and sale of these products bearing the Hayward Marks.
- 28. By virtue of Hayward's continuous use of the Hayward Marks on and in connection with its salt cells and chlorine generation systems, by virtue of Hayward's efforts and money spent marketing and promoting these salt cells, and by virtue of the high quality of the products, consumers have come to identify the Hayward Marks with Hayward's high quality

pool products, chlorine generation systems and accompanying salt cells, which have generated substantial goodwill in these marks and associated products.

- 29. Indeed, as a result of that goodwill, the chlorine generation systems and salt cells bearing the Hayward Marks command a premium price in the market. Hayward has sold over one million chlorine generation systems and salt cells over the years.
- 30. Given the strong commercial success of the HAYWARD® line of products, Salt Pool Store has chosen to counterfeit them and to unfairly trade on Hayward's popularity and goodwill. In particular, Salt Pool Store advertises and sells products bearing the Hayward Marks in connection with its replacement salt cells by luring consumers with, for example, advertisements for "HAYWARD T-CELL" salt cells. Salt Pool Store also falsely advertises that its own brand and generic cells are comparable to, or compatible with, the Hayward salt cells.

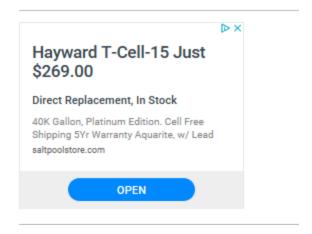
### C. The Replacement Market for Salt Cells

- 31. Hayward sells salt cells bearing the Hayward Marks through various distribution channels, including through local and national pool equipment distributors and retailers (both brick-and-mortar and on-line) and specifically through its authorized retailers.
- 32. But because salt cells need to be replaced periodically, a market for replacement salt cells has arisen. Indeed, Hayward sells the majority of its salt cells as replacements to be used in its chlorine systems.
- 33. Salt Pool Store competes directly with Hayward in this market for replacement salt cells. But as alleged below, Salt Pool Store also competes unfairly by falsely advertising or passing off its replacement salt cells as HAYWARD® replacement cells, by infringing Hayward's trademarks, by counterfeiting, and by improperly trading on Hayward's brand recognition and goodwill.

### D. Salt Pool Store's Unlawful Conduct

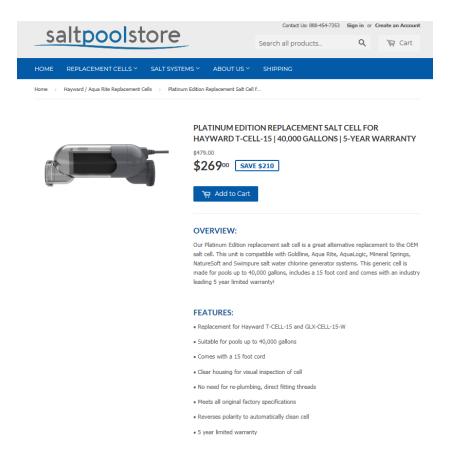
### 1. Salt Pool Store's Bait-and-Switch Tactics

34. Salt Pool falsely advertises and passes off its generic salt chlorine generators and parts as, for example, the HAYWARD® T-CELL-15® salt cell, by luring customers with pop-up ads for "Hayward's T-Cell-15 Just \$269.00 40,000 Gallons 5 Year Warranty." Below is an example of an infringing ad, which pops up on various pool industry and consumer websites:



See, e.g., https://www.aquaticsintl.com/manufacturer/apj-corp (accessed March 31, 2020).

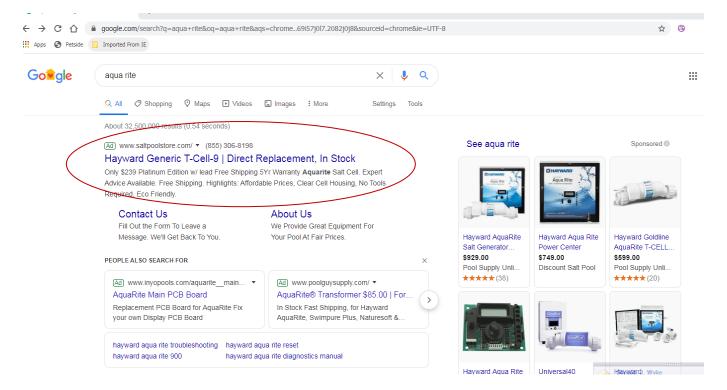
35. Once a consumer selects the link to "open" the advertisement above, thinking it will lead to an actual HAYWARD® T-CELL-15® salt cell, it instead directs the consumer, not to a Hayward product, but rather to Salt Pool Store's own "Platinum Edition replacement salt cell for HAYWARD T-CELL-15" on Salt Pool's website. To wit:



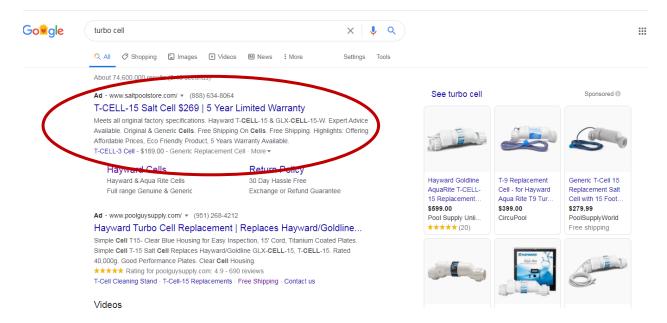
https://saltpoolstore.com/collections/replacement-cells-for-hayward-aquarite-systems/products/platinum-edition-replacement-salt-cell-for-hayward-t-cell-15-40-000-gallons-5-year-warranty?gclid=EAIaIQobChMI0q3No7\_D6AIVeGMVCB2SvQ2REAEYASAAEgII1\_D\_BwE\_(accessed May 18, 2020).

- 36. Salt Pool Store's use of the HAYWARD® and T-CELL-15® and GLX-CELL-15-W<sup>TM</sup> trademarks to lure current and potential Hayward customers into visiting the Salt Pool Store website (at <a href="http://saltpoolstore.com">http://saltpoolstore.com</a>) and to mistakenly purchase a competing product, thinking it is a genuine HAYWARD® T-CELL-15® or GLX-CELL-15-W<sup>TM</sup> replacement salt cell, creates not only initial interest confusion but also direct confusion among consumers.
- 37. Salt Pool Store's advertisements constitute a "bait and switch" scheme insofar as it advertises apparent Hayward products with the intention of substituting its own products after a consumer has expressed interest in the advertised Hayward products.

38. Furthermore, Salt Pool Store's ads appear when a potential customer conducts an Internet search seeking a genuine HAYWARD® product. For example, in the Google® Internet search shown below, the Hayward registered mark "Aqua Rite" was typed into the search field. The search resulted in the Salt Pool Store replacement cell appearing as the first listed product, as seen below:



- 39. The search result, like the pop-up ad above, is also headlined as a "Hayward Generic T-Cell-9" and refers to "Aquarite" in the accompanying text. Thus, a consumer searching for a genuine AQUA RITE® product will be confused and misdirected to go to the Salt Pool Store site.
- 40. A similar result appears when the Hayward registered mark "Turbo Cell" is typed into the Google search field. Indeed, Salt Pool Store's ad appears first in the results, as seen below:



- 41. Again, as with the "Aqua Rite" search, this "Turbo Cell" search results in an ad for the Salt Pool Store infringing salt cell. Thus, a consumer searching for a genuine TURBO CELL® product will be confused and misdirected to go to the Salt Pool Store site.
- 42. As detailed more fully in Section D(5) below, this fraudulent and misleading advertising and trademark infringement has resulted in consumers who purchased the Salt Pool Store product thinking it was a genuine HAYWARD® product, or a replacement authorized or sponsored by Hayward, to complain that it did not work as advertised and was not compatible with Hayward's systems. For example:

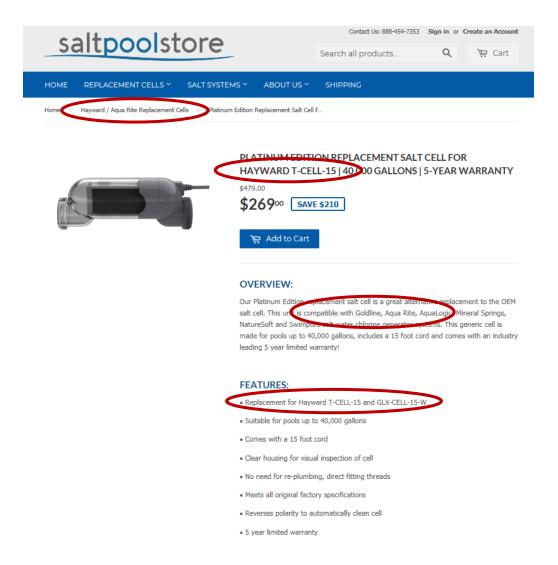


https://www.sitejabber.com/reviews/saltpoolstore.com (accessed May 18, 2020).

43. Salt Pool Store has intentionally made false and misleading statements to deliberately confuse or deceive consumers into purchasing its replacement salt cells. This conduct is deliberate and unfairly trades on Hayward's popularity, brand identity, and goodwill and diverts customers from purchasing Hayward's products to instead purchasing Salt Pool Store's products.

### 2. Salt Pool Store's Passing-Off and Trademark Infringement

44. In addition to the above examples, these advertisements prominently display and use the Hayward Marks on various sections of the website to pass off Salt Pool Store's own generic salt cells as genuine HAYWARD® branded salt cells or salt cells that are somehow affiliated with, or authorized by Hayward. To wit:



- 45. As seen in the annotated example above, these advertisements on Salt Pool Store's website, particularly in the header of the website and the title of the advertisement, suggests to consumers that Hayward has authorized or sponsored the products, or that Salt Pool Store is somehow affiliated with Hayward. For example, the knock-off product is often prominently identified as "Hayward" or a "Hayward T-Cell-15" or "GLX-CELL-15." The ads also represent that the product is "compatible with by Goldline, Aqua Rite...SwimPure" as well. As detailed in the next section below, this statement of compatibility is false or misleading.
- 46. The advertisement of the product includes the Hayward Marks in every part of the advertisement: the header of the website page, headline of advertisement, overview, and the

features. It is confusing to a consumer or potential consumer and suggests that Hayward is affiliated with the product or has authorized Salt Pool Store to sell it. There is no reason to use the Hayward name other than for the purposes of confusion.

- 47. Although these salt cells are advertised as "HAYWARD" products, and despite the fact that these advertisements use the Hayward Marks, they actually are counterfeit salt cells sold by Salt Pool Store. They are actually Salt Pool Store's own generic salt cells trying to pass off as, for example, genuine HAYWARD® T-CELL-15® salt cells.
- 48. Furthermore, in the feature section of the website, as seen below (annotated), Salt Pool Store promotes its replacement salt cell as HAYWARD® T-CELL-15® and GLX-CELL-15-WTM and represents that its "meets all original factory specifications and comes with an extensive warranty," further misleading consumers to assume that the product is a genuine Hayward product or else authorized or sponsored by, or affiliate with, Hayward.

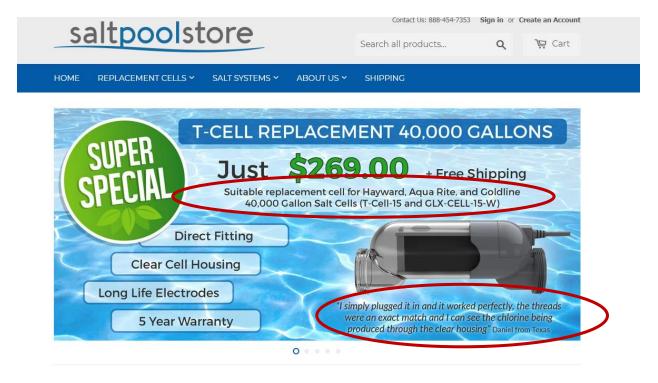
### FEATURES:

- Replacement for Hayward T-CELL-15 and GLX-CELL-15-W
- Suitable for pools up to 40,000 gallons
- Comes with a 15 foot cord
- Clear housing for visual inspection of cell
- No need for re-plumbing, direct fitting threads
- Meets all original factory specifications
  - Reverses polarity to automatically clean cell
  - 5 year limited warranty

- 49. Salt Pool Store's claims that the salt cells are "replacement for HAYWARD T-CELL-15 AND GLX-CELL-15-W," and "meets all original factory specification" are false and misleading and suggests an affiliation with, or approval by, Hayward. These statements further suggests that the product is comparable or compatible with genuine Hayward products and thus falsely and misleadingly suggests that Hayward has approved, affiliated, sponsored, or certified the product, which it has not.
- 50. To make matters worse, Salt Pool Store's advertises that these products have a "5 year limited warranty," thereby misleading suggesting that the products are somehow genuine Hayward products covered under Hayward's warranty.
- 51. Customers are thus likely to be confused and to contact Hayward when they have problems with the product. But the product is not under the Hayward warranty, because it's not a Hayward product. Thus, the dissatisfied customers will think poorly of Hayward and are likely to complain on Yelp.com, scamguard.com, and other consumer ratings, alerts, and social media sites. Such confusion harms Hayward's goodwill and reputation among Hayward's current and prospective customers, as detailed in Section D(5) below.
- 52. As a result, Salt Pool Store's advertisements and product descriptions suggest to consumers that Hayward has provided a warranty with the product, particularly given that the product is often prominently identified as "Hayward®," as seen in the advertisements copied above.

### 3. Salt Pool Store's False Advertisements and False Association

53. Salt Pool Store uses the Hayward Marks in its advertisements to falsely and deceptively promote its replacement salt cells as "a suitable replacement" for HAYWARD salt cells and as "compatible" with Hayward's systems. For example:



- 54. These ads include alleged customer reviews saying, for example, that "I simply plugged it in and it worked perfectly...an exact match." That unattributed statement is false. Indeed, judging by the negative customer reviews detailed in Section D(5) below, the Salt Pool Store replacement cells do not work perfectly and prompt many consumer complaints.
- 55. Salt Pool Store's falsely advertising these products as a "suitable replacement" for, "equivalent to," or "compatible with" the Hayward products falsely or misleadingly suggests that Hayward has sponsored or approved these products for use with its own systems. Given the negative customer reviews, detailed below in Section D(5), these products do not appear to be actually equivalent to, or suitable replacements for, the Hayward branded products.
- 56. Even more concerning, the "Features" section of website advertisement for these replacement salt cells not only states that the Salt Pool Store cell is a replacement for

HAYWARD T-CELL -9 and GLX-Cells, but also inaccurately states it is equivalent to the T-CELL-3 and T-CELL-9. To wit:

### FEATURES:

- Replacement for Hayward T-CELL-9 and GLX-CELL-9-W
- Suitable for pools up to 25,000 gallons
- T-CELL-3 and T-CELL-9 and generic equivalents like this cell require software revision 1.5 for AquaRite or 4.2 for AquaLogic or newer to be compatible. These revisions started in 2009.
- Comes with a 15 foot cord
- · Clear housing for visual inspection of cell
- No need for re-plumbing, direct fitting threads
- · Meets all original factory specifications
- Reverses polarity to automatically clean cell
- 5 year limited warranty
- 57. Salt Pool Store's statements that its product (a) is a "replacement for Hayward T-Cell-9 and GLX-Cell-9-W," "T-Cell-3 and T-CELL-9 and generic equivalents like this cell;; (b) "meets all original factory specifications;" and (c) comes with a "5 years limited warranty" suggest, deceptively and confusingly, that the salt cells are genuine Hayward products, or products approved by Hayward for use with Hayward's salt chlorination systems. Hayward, however, neither certifies nor authorizes that this a replacement and has no affiliation with Salt Pool Store. Hayward has not approved these products, let alone approved them for use with its systems. In effect, Salt Pool Store's ads promote its knock-off products as HAYWARD® brand salt cells or as products that Hayward has sponsored or authorized to work with pool systems

manufactured and sold by Hayward. There is no other reason to use the Hayward name and marks for Salt Pool Store's salt cells other than to capitalize on Hayward's goodwill.

58. By Salt Pool Store prominently displaying the Hayward Marks in connection with the advertising and sale of Salt Pool Store's products, Salt Pool Store is falsely and misleadingly suggesting to consumers that Hayward sponsors or approves of the Salt Pool Store products and that the products are comparable to or compatible with Hayward's systems. Hayward has not authorized these products. Such statements as detailed above, including the comparisons with Hayward products, constitute false advertising, false association, unfair competition, passing-off, counterfeiting, and/or false designation of origin

### 4. Salt Pool Store's Passing Off and Counterfeiting

59. Hayward ordered one of Salt Pool Store's "replacement for Hayward" salt cells from the <a href="www.saltpoolstore.com">www.saltpoolstore.com</a> website. The salt cell was ordered by, and shipped to, a Hayward employee in New Jersey. Photographs of the purchased product and box in which it was shipped are shown below.





See Exhibit I (collection of photographs of the purchased product).

60. The box in which this product was shipped has a label that states, "Content Description T-Cell-15 40,000 GALLONS 5 YEAR WARRANTY" and "Contents T-Cell-15 40,000 GALLONS 5 YEAR WARRANTY." Relevant parts of the labels are shown below:

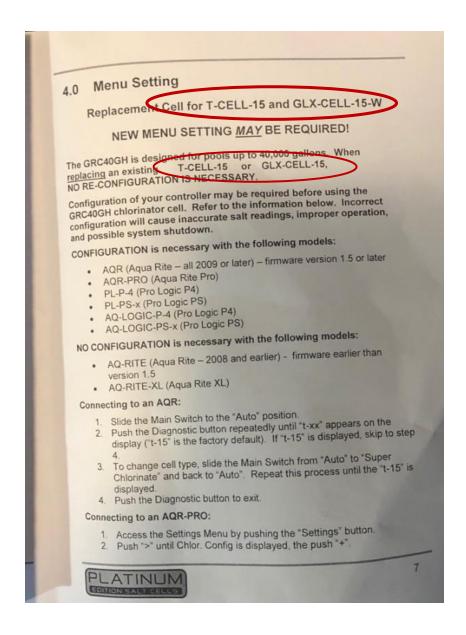


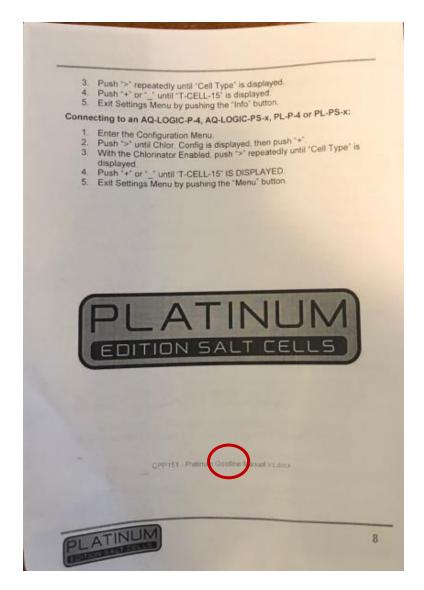


- 61. Despite what the label states, this is not a Hayward T-Cell-15®, and it is not covered under Hayward's warranty. The advertisements on the website and the labels on the box suggest to consumers that Hayward has provided a warranty with the product, particularly given that the product is prominently identified on the box as a "T-CELL-15."
- 62. Given bait-and-switch advertising and other confusion alleged above, and given the labeling on the box, consumers are led to believe that the product is a genuine Hayward T-CELL-15 salt cell and thus may look to Hayward to honor the "5-YEAR WARRANTY." This is not a Hayward product and Hayward does not warrant other manufacturer's products. Therefore, Hayward would suffer from unwanted consumer dissatisfaction, thus tarnishing its brand.

63. In addition, the purchased salt cell included an "Instructional Manual" with the product, photos of which appear below with reference to Salt Pro Systems.







- 64. The Instructional Manual claims that the product is "generic replacement cell for Aqua Rite Turbo Cell." The title of the manual is not only false but it misleadingly and confusingly suggests to consumers that this product is a genuine Hayward product or product approved by Hayward, that may be compatible with (i.e., made specifically for, at Hayward's behest) Hayward's salt chlorination systems.
- 65. Just below the title, the manual states "Old Part Number: GLX-Cell-15, GLX-Cell-9, GLX-Cell-5, GLX-Cell-3" and "compatible systems Aqua Rite." These statements refer to Hayward Marks. In other words, by specifically referring to "GLX-CELL-15" and other

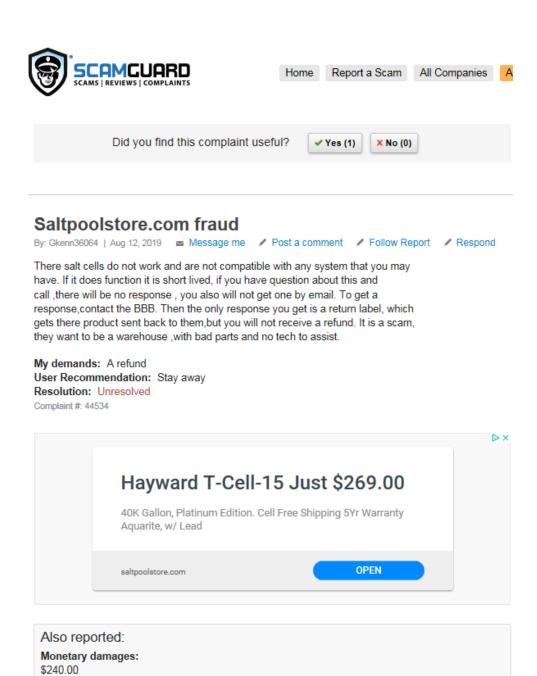
Hayward Marks, the manual makes is seem as if the product has some connection or affiliation with Hayward. Further, these products are not "compatible" with Hayward. By Salt Pool Store using the Hayward marks without permission, Salt Pool Store is unfairly trading on Hayward's good will and passing off its salt cells as genuine HAYWARD<sup>®</sup> AQUA RITE<sup>®</sup>, T-Cell<sup>™</sup> line, and GLX-Cell<sup>™</sup> line of products.

- 66. Moreover, as seen above, on page 7 of the manual, Salt Pool Store falsely advertises "no re-configuration is necessary" when replacing an existing T-Cell-15<sup>®</sup> or GLX-Cell-15<sup>™</sup> and "no configuration necessary" with respect to AQUA RITE<sup>®</sup>. This is false. In fact, re-configuration is necessary unless it is an authorized direct replacement. It is confusing for a consumer and suggests that Hayward certifies or authorizes Salt Pool to sell the T-Cell and other Hayward products.
- 67. Furthermore, as seen above, Salt Pool Store even states on the back of its manual "Platinum Goldline Manual." Salt Pool Store is using Hayward GOLDLINE® mark to misleadingly suggest that the product is a genuine Hayward GOLDLINE® product or sponsored, affiliated or authorized by Hayward.
- 68. Salt Pool Store infringes on the Hayward Marks by improperly using the Hayward Marks and falsely advertises, falsely associates, and passes off its own salt cells as genuine Hayward salt cells. Hayward neither certifies nor authorizes the use of its marks with Salt Pool Store. Notably, Salt Pool Store is not an authorized seller of Hayward products.
- 69. Consequently, such conduct has and will continue to deprive Hayward of lost sales, good will, reputation, and diminish the value of Hayward's valuable intellectual rights.

  This deceptive conduct and unfair competition causes injury to Hayward's reputation.

### 5. Hayward Is Directly Harmed by Actual Consumer Confusion

- 70. Another harm to Hayward arising from Salt Pool Store's unlawful conduct is the overwhelming number of customers dissatisfied with Salt Pool Store and its "comparable with Hayward" products. Because Salt Pool's products are falsely associated with Hayward, the negative reviews shown below reflect poorly on Hayward and its products and harms its goodwill.
- 71. Three different websites document numerous complaints from various consumers as recently as April 2020 regarding Salt Pool Store's false advertisement of Hayward products. Many of these consumer complaints state that Salt Pool's salt cells are not, in fact, compatible with the Hayward systems. These complaints further suggest that consumers have been actually confused as to the origin or source of the products, thinking that they were somehow Hayward-approved products. For example:



https://www.scamguard.com/saltpoolstorecom/ (accessed April 24, 2020)

BBB rating is based on 13 factors: Get the details about the factors considered Factors that affect the rating for Saltpoolstore.com include:

92 complaints filed against business
Failure to respond to 61 complaints filed against business.
11 complaints filed against business that were not resolved.
Advertising issue(s) found by BBB.

### Complaint

I ordered salt cell online and it was charged to my credit card but I never received the product. I have not received responses to my emails or inq. I ordered a salt cell online (Platinum Edition Replacement Salt Cell for Hayward T-CELL-15 40,000 Gallons) mine went bad. My credit card was immediately charged for the item. The website stated 7-10 days for delivery and that I would receive confirmation email. I received neither. I emailed them multiple times to inquire about the order - no response. I needed the salt cell as soon as possible as my pool was deteriorating quickly. I even submitted the 'contact us' link on their website and filled it out with all of my information. Nothing. It has been over a month and I still haven't received the item. Due to the issues with my pool I had to purchase the item elsewhere to maintain my pool and contacted my cc to dispute the charge as I felt I was being scammed. I ordered the item online on 7/15/16 and today is 8/22/16 and I have yet to hear one thing from them. I just want my money back at this point.

# Customer Review Rating: 100% 100% [0] Positive Reviews [0] Neutral Reviews [16] Negative Reviews [16] Total Customer Reviews [92] Total Customer Complaints Composite Score: \*\*\* Saltpoolstore.com has received 1 out of 5 stars based on 16 Customer Reviews and a BBB Rating of F. 20

### **Desired Settlement**

I want my credit card refunded for the purchase I did not receive.

### Business Response

Dear \*\*\*\*\* A refund has been provided to your method of payment. Thanks and regards,

### Consumer Response

(The consumer indicated he/she ACCEPTED the response from the business.) I accept this response as I would like my money refunded. Today is 8/29 and I have not received my refund yet. If I don't receive the refund in the next few days I will reopen this complaint. This is absolutely terrible to have to deal with!

Source

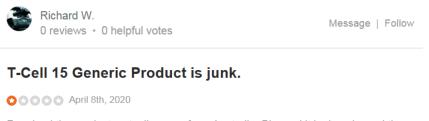
http://www.bbb.org/atlanta/business-reviews/online-retailer/saltpoolstorecom-in-norcross-ga-27664965
Example:

### Review

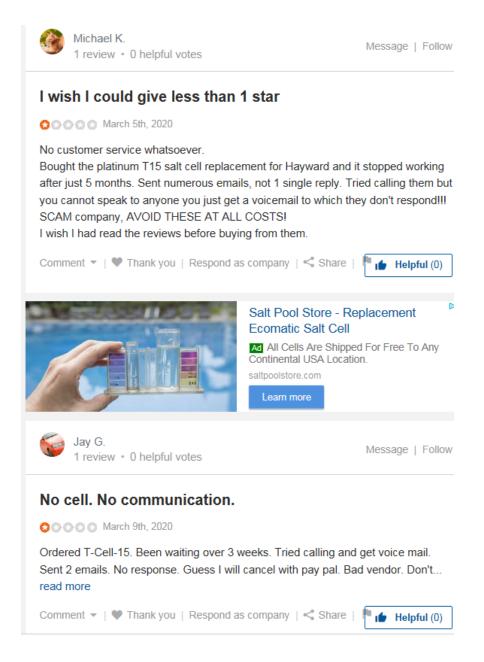
This review is from the same company, they just changed their name to 4saltpools.com. I Can't believe how many people experience the same exact service as me. I too, ordered a t-cell. I needed it soon so when I sent them multiple emails asking for a ship date, they didn't respond. I called their 800 number, not a single person answered. I am so thankful that my credit card was able to issue me a refund of \$269. They took my money right away, but don't have the decency to get back to the customer when all I was asking was for a ship date. BEWARE

VCE.

https://www.discountsaltpool.com/consumer-alerts (accessed May 18, 2020)



Received the product, actually came from Australia. Plugged it in, I works and then quits. Must recycle the Aqua Rite to restart the salt cell. Have had... read more



https://www.sitejabber.com/reviews/saltpoolstore.com (accessed May 18, 2020). Copies of the three websites are attached as Exhibit J.

72. The mere association of the Hayward Marks with Salt Pool Store products harms Hayward's brand and reputation. Salt Pool Store's conduct already has deceived U.S. consumers of Hayward products.

- 73. In a letter dated April 2, 2020 (**Exhibit K**), Hayward notified Salt Pool Store about its conduct, including the conduct alleged above; demanded that Salt Pool Store stop the false ads and infringement; and asked that Salt Pool Store respond by April 10, 2020. Salt Pool Store never responded, forcing Hayward to file this complaint.
- 74. Based on the foregoing, Hayward seeks relief against Salt Pool Store for federal and state trademark infringement, unfair competition, false association, false endorsement, false designation of origin, false advertising, and deceptive and business practices.
- 75. Hayward will continue to be harmed and its consumers and potential consumers are being harmed unless the court enjoins Salt Pool Store from falsely advertising and participating in this deceptive business practices.
- 76. Salt Pool Store continues to harm and risk further harm to Hayward's business, reputation and to the goodwill in the Hayward Marks. Hayward will suffer irreparable harm unless the Court enjoins Salt Pool Store from further use of the Hayward Marks.
- 77. To remedy the harm to Hayward arising from this unfair and deceptive conduct, Hayward is entitled not only to an award of substantial damages, but also a preliminary and permanent injunctions to force Salt Pool Store to immediately cease using the Hayward Marks, remove all existing false advertisings and associations, and to prevent Salt Pool Store from making false, misleading, statements about Hayward's products.

# COUNT I False Advertising in Violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)

- 78. Hayward re-alleges and incorporates by reference Paragraphs 1-77 above as if fully set out herein.
  - 79. Hayward and Salt Pool Store compete in the market for replacement salt cells.

- 80. Salt Pool Store offers for sale, sells, and advertises in interstate commerce "suitable replacements," "generic equivalents," and/or "equivalent to" Hayward products. Salt Pool Store's advertises and sells salt cells that "meets original factory specifications," include "5 year full warranty," "exact match," "no re-configuration is necessary," and "no configuration necessary" to Hayward salt cells, including through unauthorized use of the Hayward marks.
- 81. The advertisements for Salt Pool Store's salt cells falsely or, at least, misleadingly suggest to consumers that Hayward approves of the Salt Pool Store salt cells.
- 82. Salt Pool Store has falsely held itself out to be authorized by Hayward, when it is not the case.
- 83. Salt Pool Store's claims that the products are "suitable replacements," "generic equivalents," and/or "equivalent to" Hayward products. Salt Pool Store's advertises and sells salt cells that "meets original factory specifications," include "5 year full warranty," "exact match," "no re-configuration is necessary," and "no configuration necessary" are materially false and/or misleading in that they are likely to influence consumers' purchasing decisions concerning replacement salt cells.
- 84. Consumers have been deceived and have complained of Salt Pool Store's conduct and its false endorsement, association, and designation of origin and continues to harm Hayward's brand and reputation.
- 85. Consumers have been diverted from purchasing genuine Hayward salt cells as a result of the false ads.
- 86. Salt Pool Store's statements have and will continue to deceive or confuse consumers and will continue to do so unless the conduct is enjoined.

- 87. Salt Pool Store's conduct is willful and deliberate and has injured Hayward and will continue to injure Hayward unless the conduct is enjoined.
- 88. Salt Pool Store knew or should have known that the claims are false and/or misleading, particularly because Hayward has previously warned Salt Pool Store about such claims.
- 89. Salt Pool Store's false and deceptive advertising violates Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).
- 90. Hayward has been, and continues to be, damaged by Salt Pool Store's false and deceptive advertising, including through (a) diversion of customers or potential customers for replacement HAYWARD® salt cells; and (b) diminishing of the goodwill in the Hayward Marks and in the HAYWARD® salt cells sold under the Hayward Marks.
  - 91. Hayward has no adequate remedy at law to fully redress these injuries.

### **COUNT II**

# Federal Trademark Infringement of the HAYWARD® Mark in Violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1)

- 92. Hayward re-alleges and incorporates by reference Paragraphs 1-91 above as if fully set out herein.
- 93. Pursuant to 15 U.S.C. § 1057(b), Hayward's certificate of registration for the HAYWARD® registered mark is *prima facie* evidence of the validity of that registration, Hayward's ownership of the mark, and Hayward's exclusive rights to use the mark in commerce in connection with the goods identified in the registration.
- 94. Hayward's federal trademark registration constitutes constructive notice to Salt Pool Store of Hayward's ownership and use of the registered mark in connection with the goods identified in the registrations.

- 95. Hayward's exclusive rights in the HAYWARD® mark (and, indeed, in each of the Hayward Marks) predate any rights Salt Pool Store could establish in and to any mark that consists of Hayward or any Hayward Marks in whole and/or in part.
- 96. Salt Pool Store's unauthorized use of the HAYWARD® mark, as exemplified above (*e.g.*, on or in connection with the sale and promotion of the "Suitable replacement" HAYWARD® salt cells), is likely to cause consumers and potential consumers to be confused, mistaken, and deceived as to the source, origin, sponsorship, or approval by Hayward of Salt Pool Store's salt cells.
- 97. The above-described conduct constitutes trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1).
- 98. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Moreover, Salt Pool's Conduct misconduct is causing consumer confusion, mistake and deception whether Salt Pool Store's products are affiliated, connected, associated, or sponsored with Hayward Marks. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 99. Based on Hayward's longstanding and continuous use of HAYWARD® in the United States commerce, Salt Pool Store had actual and constructive knowledge of Hayward's superior rights in the Hayward Marks as part of its bad-faith scheme to confuse and deceive consumers, as alleged, herein.
- 100. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.

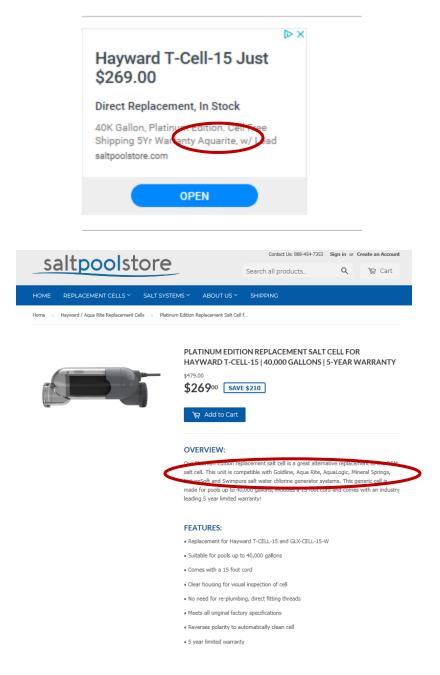
101. By reason of Salt Pool's Store misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill. The damage suffered by Hayward is exacerbated and demonstrated by the overwhelming amount of dissatisfied consumers.

#### **COUNT III**

### Federal Trademark Infringement of the AQUA RITE® Mark in Violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1)

- 102. Hayward re-alleges and incorporates by reference Paragraphs 1-101 above as if fully set out herein.
- 103. Pursuant to 15 U.S.C. § 1057(b), Hayward's certificate of registration for the AQUA RITE® registered mark is *prima facie* evidence of the validity of that registration, Hayward's ownership of the mark, and Hayward's exclusive rights to use the mark in commerce in connection with the goods identified in the registration.
- 104. Hayward's federal trademark registration constitutes constructive notice to Salt Pool Store of Hayward's ownership and use of the registered mark in connection with the goods identified in the registrations.
- 105. Hayward's exclusive rights in each of AQUA RITE® predate any rights Salt Pool Store could establish in and to any mark that consists of AQUA RITE® in whole and/or in part.
- above (*e.g.*, on or in connection with the sale and promotion of the "Suitable replacement" salt cells for the HAYWARD® AQUA RITE® systems), is likely to cause and has caused consumers and potential consumers to be confused, mistaken, and deceived as to the source, origin, sponsorship, or approval by Hayward of Salt Pool Store's salt cells.
- 107. One prominent example of infringement of the AQUA RITE® mark is evident in the screen shot below in which Salt Pool Store is promoting and advertising a Hayward T-Cell-

15 AQUA RITE product "by saltpoolstore.com" but upon opening the ad, a consumer is misdirected to Salt Pool Store generic replacement product. In the accompanying photo, a product bearing the AQUA RITE® mark, as indicated by the red circle and seen upon opening the advertisements:



108. The above-described conduct constitutes trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1).

- 109. Salt Pool's Store conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 110. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 111. By reason of Salt Pool's Store misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

#### **COUNT IV**

### Federal Trademark Infringement of the GOLDLINE® Mark in Violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1)

- 112. Hayward re-alleges and incorporates by reference Paragraphs 1-111 above as if fully set out herein.
- 113. Pursuant to 15 U.S.C. § 1057(b), Hayward's certificate of registration for the GOLDLINE® registered mark is *prima facie* evidence of the validity of that registration, Hayward's ownership of the mark, and Hayward's exclusive rights to use the mark in commerce in connection with the goods identified in the registration.
- 114. Hayward's federal trademark registration constitutes constructive notice to Salt Pool Store of Hayward's ownership and use of the registered mark in connection with the goods identified in the registrations.
- 115. Salt Pool Store's unauthorized use of the GOLDLINE® mark, as exemplified above (e.g., on or in connection with the sale and promotion of a "suitable replacement" salt cells for the HAYWARD® GOLDLINE® systems), is likely to cause consumers and potential

consumers to be confused, mistaken, and deceived as to the source, origin, sponsorship, or approval by Hayward of Salt Pool Store's salt cells.

- 116. The above-described conduct constitutes trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1).
- 117. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 118. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 119. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

#### COUNT V

## Federal Trademark Infringement of the SWIMPURE® Mark in Violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1)

- 120. Hayward re-alleges and incorporates by reference Paragraphs 1-119 above as if fully set out herein.
- 121. Pursuant to 15 U.S.C. § 1057(b), Hayward's certificate of registration for the SWIMPURE® registered mark is *prima facie* evidence of the validity of that registration, Hayward's ownership of the mark, and Hayward's exclusive rights to use the mark in commerce in connection with the goods identified in the registration.
- 122. Hayward's federal trademark registration constitutes constructive notice to Salt Pool Store of Hayward's ownership and use of the registered mark in connection with the goods identified in the registrations.

- above (*e.g.*, on or in connection with the sale and promotion of the "suitable replacement" for HAYWARD® SWIMPURE® electronic chlorine generators, systems, and the salt cells), is likely to cause consumers and potential consumers to be confused, mistaken, and deceived as to the source, origin, sponsorship, or approval by Hayward of Salt Pool Store's salt cells.
- 124. The above-described conduct constitutes trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1).
- 125. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 126. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 127. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

# COUNT VI Federal Trademark Infringement of the TURBO CELL® Mark in Violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1)

- 128. Hayward re-alleges and incorporates by reference Paragraphs 1-127 above as if fully set out herein.
- 129. Pursuant to 15 U.S.C. § 1057(b), Hayward's certificate of registration for the TURBO CELL® registered mark is *prima facie* evidence of the validity of that registration, Hayward's ownership of the mark, and Hayward's exclusive rights to use the mark in commerce in connection with the goods identified in the registration.

- 130. Hayward's federal trademark registration constitutes constructive notice to Salt Pool Store of Hayward's ownership and use of the registered mark in connection with the goods identified in the registrations.
- 131. Salt Pool Store's unauthorized use of the TURBO CELL® mark, as exemplified above, is likely to cause consumers and potential consumers to be confused, mistaken, and deceived as to the source, origin, sponsorship, or approval by Hayward of Salt Pool Store's salt cells.
- 132. The above-described conduct constitutes trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1).
- 133. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 134. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 135. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

## COUNT VII Federal Trademark Infringement of the T-CELL-3® Mark in Violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1)

- 136. Hayward re-alleges and incorporates by reference Paragraphs 1-135 above as if fully set out herein.
- 137. Pursuant to 15 U.S.C. § 1057(b), Hayward's certificate of registration for the T-CELL-3® registered mark is *prima facie* evidence of the validity of that registration,

Hayward's ownership of the mark, and Hayward's exclusive rights to use the mark in commerce in connection with the goods identified in the registration.

- 138. Hayward's federal trademark registration constitutes constructive notice to Salt Pool Store of Hayward's ownership and use of the registered mark in connection with the goods identified in the registrations.
- 139. Salt Pool Store's unauthorized use of the T-CELL-3® mark, as exemplified above, is likely to cause consumers and potential consumers to be confused, mistaken, and deceived as to the source, origin, sponsorship, or approval by Hayward of Salt Pool Store's salt cells.
- 140. The above-described conduct constitutes trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1).
- 141. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 142. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 143. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

#### **COUNT VIII**

### Federal Trademark Infringement of the T-CELL-9® Mark in Violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1)

144. Hayward re-alleges and incorporates by reference Paragraphs 1-143 above as if fully set out herein.

- 145. Pursuant to 15 U.S.C. § 1057(b), Hayward's certificate of registration for the T-CELL-9® registered mark is *prima facie* evidence of the validity of that registration, Hayward's ownership of the mark, and Hayward's exclusive rights to use the mark in commerce in connection with the goods identified in the registration.
- 146. Hayward's federal trademark registration constitutes constructive notice to Salt Pool Store of Hayward's ownership and use of the registered mark in connection with the goods identified in the registrations.
- 147. Salt Pool Store's unauthorized use of the T-CELL-9® mark, as exemplified above, is likely to cause consumers and potential consumers to be confused, mistaken, and deceived as to the source, origin, sponsorship, or approval by Hayward of Salt Pool Store's salt cells.
- 148. The above-described conduct constitutes trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1).
- 149. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 150. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 151. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

#### **COUNT IX**

### Federal Trademark Infringement of the T-CELL-15® Mark in Violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1)

- 152. Hayward re-alleges and incorporates by reference Paragraphs 1-151 above as if fully set out herein.
- 153. Pursuant to 15 U.S.C. § 1057(b), Hayward's certificate of registration for the T-CELL-15® registered mark is *prima facie* evidence of the validity of that registration, Hayward's ownership of the mark, and Hayward's exclusive rights to use the mark in commerce in connection with the goods identified in the registration.
- 154. Hayward's federal trademark registration constitutes constructive notice to Salt Pool Store of Hayward's ownership and use of the registered mark in connection with the goods identified in the registrations.
- 155. Salt Pool Store's unauthorized use of the T-CELL-15® mark, as exemplified above, is likely to cause consumers and potential consumers to be confused, mistaken, and deceived as to the source, origin, sponsorship, or approval by Hayward of Salt Pool Store's salt cells.
- 156. The above-described conduct constitutes trademark infringement in violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114(1).
- 157. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 158. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.

159. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

## COUNT X Federal Trademark Counterfeiting in Violation of Section 32 of the Lanham Act, 15 U.S.C. § 1114

- 160. Hayward re-alleges and incorporates by reference Paragraphs 1-159 above as if fully set out herein.
- Hayward sells in interstate commerce salt cells bearing the HAYWARD®, AQUA RITE®, GOLDLINE®, SWIMPURE®, TURBO CELL®, T-CELL-3®, T-CELL-9®, and T-CELL-15® federally registered marks. Genuine HAYWARD® salt cells, including those also bearing the GOLDLINE® AQUA RITE®, GOLDLINE®, SWIMPURE®, TURBO CELL®, T-CELL-3®, T-CELL-9®, and T-CELL-15® registered marks are expertly designed and manufactured under exacting requirements and are subjected to rigorous testing and certification by an independent standards-setting organization, such as the National Sanitation Foundation (NSF). Given the high quality of these genuine HAYWARD® salt cells, and based on continuous use of the marks over many years, the HAYWARD®, AQUA RITE®, SWIMPURE®, GOLDLINE®, TURBO CELL®, T-CELL-3®, T-CELL-9®, T-CELL-15® registered marks allowed have come to stand for high quality products and have developed substantial goodwill. Consumers associate that high quality, reputation, and goodwill with a unique source, namely, Hayward.
- Hayward's superior rights in the HAYWARD®, GOLDLINE®, AQUA RITE®, SWIMPURE®, TURBO CELL®, T-CELL-3®, T-CELL-9®, and T-CELL-15® marks, Salt Pool Store is advertising, offering for sale, and selling in interstate commerce counterfeit salt cells bearing and

promoted with the HAYWARD®, GOLDLINE®, AQUA RITE®, SWIMPURE® TURBO CELL®, T-CELL-3®, T-CELL-9®, and T-CELL-15® marks or marks that are confusingly similar. Salt Pool Store sells its counterfeit salt cells in direct competition with Hayward's sale of genuine Hayward salt cells.

- 163. Salt Pool Store use of copies or simulations of the HAYWARD®, GOLDLINE®, AQUA RITE®, SWIMPURE®, TURBO CELL®, T-CELL-3®, T-CELL-9®, and T-CELL-15® marks or in connection with its salt cells is likely to cause confusion, mistake, or deception as to the source or origin of the salt cells, thus deceiving consumers into believing that the counterfeit Salt Pool Store salt cells are genuine Hayward salt cells or are otherwise authorized, sponsored by or affiliated with Hayward.
- 164. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 165. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 166. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

#### **COUNT XI**

Unfair Competition and False Designation of Origin in Violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), by Unauthorized Use of the HAYWARD®, GOLDLINE®, AQUA RITE®, SWIMPURE®, TURBO CELL®, T-CELL-3®, T-CELL-9®, T-CELL-15® Trademarks

167. Hayward re-alleges and incorporates by reference Paragraphs 1-167 above as if fully set out herein.

- 168. Hayward and Salt Pool Store compete in the market for replacement salt cells.
- 169. Salt Pool Store's unauthorized use of Hayward's federally registered marks, as exemplified above, is likely to cause consumers and potential consumers to be confused, mistaken, and deceived as to the source, origin, sponsorship, or approval by Hayward of Salt Pool Store's salt cells.
- 170. Salt Pool Store's unauthorized use of Hayward's registered marks, as described above, constitutes unfair competition and false designation of origin in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).
- 171. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 172. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 173. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

#### **COUNT XII**

Unfair Competition and False Designation of Origin in Violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), by Unauthorized Use of the T-CELL<sup>TM</sup>, GLX-CELL<sup>TM</sup>, GLX-CELL-3<sup>TM</sup> Trademarks

174. Hayward re-alleges and incorporates by reference Paragraphs 1-173 above as if fully set out herein.

- 175. Hayward and Salt Pool Store compete in the market for replacement salt cells.
- Hayward owns the common law trademarks T-CELL<sup>TM</sup>, GLX-CELL<sup>TM</sup>, GLX-CELL<sup>TM</sup>, GLX-CELL-9<sup>TM</sup>, GLX-CELL-5-W<sup>TM</sup>, GLX-CELL-3-W<sup>TM</sup> and has continuously and exclusively used these marks in commerce on, or in connection with the sale of, its salt cells since at least the early 2000s. By virtue of Hayward's exclusive and continuous use of the T-CELL<sup>TM</sup>, GLX-CELL-TM, GLX-CELL-15-W<sup>TM</sup>, GLX-CELL-9<sup>TM</sup>, GLX-CELL-5-W<sup>TM</sup>, GLX-CELL-3-W<sup>TM</sup> marks over many years, consumers have come to recognize it as designating Hayward as the source or origin of salt cells that bear this mark.
- 177. Salt Pool Store's unauthorized use of the T-CELL<sup>TM</sup>, GLX-CELL<sup>TM</sup>, GLX-CELL-<sup>TM</sup>, GLX-CELL-9<sup>TM</sup>, GLX-CELL-5-W<sup>TM</sup>, GLX-CELL-3-W<sup>TM</sup> mark, as exemplified above, is likely to cause consumers and potential consumers to be confused, mistaken, and deceived as to the source, origin, sponsorship, or approval by Hayward of Salt Pool Store's salt cells.
- 178. Salt Pool Store's unauthorized use of the T-CELL<sup>TM</sup>, GLX-CELL<sup>TM</sup>, GLX-CELL-<sup>TM</sup>, GLX-<sup>TM</sup>, GLX
- 179. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.

- 180. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 181. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

#### **COUNT XIII**

## Unfair Competition and False Designation of Origin in Violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), by Passing Off

- 182. Hayward re-alleges and incorporates by reference Paragraphs 1-181 above as if fully set out herein.
- 183. Hayward and Salt Pool store compete in the market for replacement salt cells.
- 184. Hayward advertises, offers for sale, and sells in commerce salt cells bearing the Hayward Marks. The Hayward Marks appear on labels affixed to the salt cells (the "Hayward Labels") and also in on-line and print advertising and marketing materials used in connection with the sale and marketing of salt cells for chorine systems bearing the Hayward Marks.
- 185. As described above, Salt Pool Store advertises, offers for sale, and sells salt cells that bear or are promoted with one or more of the Hayward Marks but that are materially different from genuine HAYWARD salt cells. Hayward has not authorized this conduct.
- 186. Such conduct constitutes passing off in violation of Section 43(a) of the Lanham Act.

- 187. Salt Pool Store's passing off is likely to cause and already has caused confusion, mistake, or deception as to the source or origin of the salt cells, and has diverted sales from Hayward.
- 188. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 189. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 190. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

### COUNT XIV False Advertising in Violation of N.J.S.A. § 56:8-2 et seq.

- 191. Hayward re-alleges and incorporates by reference Paragraphs 1-190 above as if fully set out herein.
  - 192. Salt Pool Store's salt cells are consumer goods.
- 193. Salt Pool Store's has engaged in trade or commerce in this State by advertising, offering for sale, and selling salt cells in New Jersey.
- 194. Through its above-described conduct of falsely or misleadingly advertising salt cells as a "suitable replacement," "generic equivalent," and/or "equivalent to" Hayward products. Furthering advertising as "meets original factory specifications," include "5 year full warranty," "exact match," "no re-configuration is necessary," and "no configuration necessary" or any other false or misleading claims that suggest certification, authorization, or sponsorship by Hayward, Salt Pool Store has used unconscionable commercial practices,

deception, fraud, and misrepresentation concerning the nature of its salt cells with the intent that consumers reply on such fraud, deception, and misrepresentation.

- 195. Salt Pool Store's false advertising is likely to cause confusion, mistake, or deception as to the source or origin of the salt cells and/or authorization or sponsorship by Hayward and, as such, has diverted sales from Hayward.
- 196. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.
- 197. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 198. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

### COUNT XV <u>Unfair Competition in Violation of N.J.S.A. § 56:4-1</u>

- 199. Hayward re-alleges and incorporates by reference Paragraphs 1-198 above as if fully set out herein.
- 200. Hayward and Salt Pool Store compete in the market for replacement salt cells.
- 201. Salt Pool Store has engaged in trade or commerce in New Jersey, as described above.
- 202. Salt Pool Store has willfully and knowingly engaged in unfair acts or practices and unfair methods of competition, including through the bad faith and unauthorized use of the Hayward Marks, false advertising, counterfeiting, and passing off.

203. Salt Pool Store's unfair acts or practices and unfair methods of competition are likely to cause confusion, mistake, or deception as to the source or origin of the salt cells and/or authorization or sponsorship by Hayward.

204. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no adequate remedy at law. For example, on the scamguard.com consumer alert websites, many consumer complaints state that Salt Pool's salt cells are not, in fact, compatible with the Hayward systems.

### Saltpoolstore.com fraud

By: Gkenn36064 | Aug 12, 2019

■ Message me / Post a comment / Follow Report / Respond

There salt cells do not work and are not compatible with any system that you may have. If it does function it is short lived, if you have question about this and call ,there will be no response , you also will not get one by email. To get a response,contact the BBB. Then the only response you get is a return label, which gets there product sent back to them,but you will not receive a refund. It is a scam, they want to be a warehouse ,with bad parts and no tech to assist.

My demands: A refund

User Recommendation: Stay away

Resolution: Unresolved

Complaint #: 44534

205. These complaints further suggest that consumers have been actually confused as to the origin or source of the products, thinking that they were somehow Hayward-approved products. As such, diverting consumers from Hayward's and tarnishing its reputation and goodwill.

206. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.

- 207. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 208. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

## COUNT XVI Trademark Infringement and Unfair Competition under New Jersey Common Law

- 209. Hayward re-alleges and incorporates by reference Paragraphs 1-208 above as if fully set out herein.
- 210. Hayward and Salt Pool Store's compete in the market for replacement salt cells.
- 211. Hayward has continuously and exclusively used in New Jersey and nationally the Hayward Marks on and in connection with the sale of salt cells at least since the early 2000.
- 212. Salt Pool Store has misappropriated the Hayward Marks by using them on, or in connection with the sale of, unauthorized and materially altered salt cells.
- 213. Salt Pool Store also has committed false advertising, counterfeiting, passing off, and reverse passing off, as described above.
- 214. Salt Pool Store's trademark infringement and unfair competition is likely to cause confusion, mistake, or deception as to the source or origin of the salt cells and/or authorization or sponsorship by Hayward and, as such, has diverted sales from Hayward.
- 215. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no

adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.

- 216. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 217. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

### COUNT XVII Tortious Interference with Prospective Economic Advantage

- 218. Hayward re-alleges and incorporates by reference Paragraphs 1-217 above as if fully set out herein.
- 219. Through its trademark infringement, false advertising, counterfeiting, passing off, reverse passing off, and other unfair competition, all as described above, Salt Pool Store has intentionally and improperly interfered with Hayward's prospective sales of replacement salt cells to consumers in New Jersey and elsewhere.
- 220. By deceiving customers into believing that its salt cells are somehow a "suitable replacement," "generic equivalent," and/or "equivalent to" Hayward products, and/or "meets original factory specifications," include a "5 year full warranty," and "exact match" or any other false or misleading claims that suggest certification, authorization, or sponsorship by Hayward, Salt Pool Store has improperly diverted sales from Hayward and has prevented Hayward from selling its genuine HAYWARD® salt cells to its customers.
- 221. But for Salt Pool Store's wrongful conduct, Hayward likely would have made the sales that Salt Pool Stores actually made.
- 222. Salt Pool Store's conduct has caused, and is continuing to cause, irreparable injury to Hayward, including to its reputation and goodwill, and Hayward has no

adequate remedy at law. Unless such unauthorized use is enjoined, Hayward will continue to be irreparably harmed.

- 223. Salt Pool Store's conduct, as described above, has been willful, wanton, reckless, and in total disregard to Hayward's rights.
- 224. By reason of Salt Pool Store's misconduct, Hayward has suffered, and will continue to suffer, monetary damages and loss of goodwill.

### COUNT XVIII Unjust Enrichment

- 225. Hayward re-alleges and incorporates by reference Paragraphs 1-224 as though fully set forth herein.
- 226. As detailed above, Hayward expended considerable time and resources in creating, developing and maintaining the Hayward Marks. This undertaking required considerable research, time, strategic planning, and evaluation of market and economic trends, new technologies, innovations and their impact on the pool equipment industry.
- 227. By virtue of its significant efforts and labor, embodied in the Hayward Marks conferred a benefit on Salt Pool Store, whereby Salt Pool Store took its own products and used the Hayward Marks without authorization.
- 228. But for the benefit of the Hayward products, Salt Pool Store would have had to expend considerable time and expense in independent research, development, marketing and advertising of its Platinum Edition salt cells in order to enter the relevant market and directly compete with Hayward.
- 229. Salt Pool Store has been unjustly enriched by retaining this benefit without providing Hayward any payment. As a result of Salt Pool Store's wrongful acts, Hayward has suffered and will continue to suffer significant commercial, monetary and other damages.

#### **REQUEST FOR RELIEF**

Hayward respectfully asks this Court to enter judgment for Hayward and against Salt Pool Store and to grant the following relief:

- A. Judgment in favor of Hayward and against Salt Pool Store on all counts;
- B. An order under 15 U.S.C. § 1116 and/or other applicable law preliminarily and permanently enjoining Salt Pool Store, including its officers, agents, employees, servants, attorneys, successors, assigns, and all other persons and entities in privity and acting in concert with Salt Pool Store, from the following acts:
  - i. falsely and misleading advertising its salt cells, including claiming that they are "suitable replacement," "generic equivalent," and/or "equivalent to" Hayward products, "meets original factory specifications," include "5 year full warranty," and "exact match" or any other false or misleading claims that suggest certification, authorization, association or sponsorship by Hayward;
    - ii. infringing any of the Hayward Marks;
  - iii. using any of the Hayward Marks, or any confusingly similar marks alone or in combination with other words, symbols, or designs, in connection with the manufacture, offer for sale, sale, or advertising of salt cells;
  - iv. using any trade name, words, abbreviations, or any combinations thereof that would imitate, resemble, or suggest the Hayward Marks;
  - v. passing off its salt cells as genuine or authorized HAYWARD®, GOLDLINE®, T-CELL-3®, T-CELL-9®, T-CELL-15®, GLX-CELL<sup>TM</sup>, GLX-CELL-15-W<sup>TM</sup> salt cells or SWIMPURE®, AQUA RITE® or any other Hayward brand.

- vii. advertising or selling counterfeit HAYWARD®, SWIMPURE®, AQUA RITE®, GOLDLINE®, TURBO CELL®, T-CELL-3®, T-CELL-9®, T-CELL-15®, T-CELL-15WTM salt cells or any other Hayward brand;
- viii. making any statement or representation that falsely designates or describes the Salt Pool Store or Platinum Edition as authorized, certified, or sponsored by, or associated with, Hayward or that is likely to confuse consumers as to the source, affiliation, or sponsorship of such salt cells; and
- ix. otherwise competing unfairly with Hayward with respect to the advertising and sale of salt cells designed to replace HAYWARD®, SWIMPURE®, AQUA RITE®, GOLDLINE®, TURBO CELL®, T-CELL-15®, T-CELL-9®, T-CELL-3®, T-CELL-15M, GLX-CELL-15-WTM, GLX-CELL-5-WTM, GLX-CELL-5-WTM, GLX-CELL-5-WTM, GLX-CELL-5-WTM,
- C. An order under 15 U.S.C. § 1116 and/or other applicable law preliminarily and permanently directing Salt Pool Store, including its officers, agents, employees, servants, attorneys, successors, assigns, and all other persons and entities in privity and acting in concert with Salt Pool Store, to perform the following remedial measures:
  - i. Providing notice to all customers and resellers of Salt Pool Store and Platinum Edition salt cells that such salt cells are not "suitable replacements," "generic equivalents," and/or "equivalent to" Hayward products, nor do Platinum Edition salt cells "meets original factory specifications," include "5 year full warranty," "exact match," "no re-configuration is necessary," and "no configuration necessary" to Hayward. Further notifying all customers and resellers of Salt Pool Store and Platinum Edition salt cells that such salt cells are not authorized, affiliate, sponsored or certified by Hayward;

- ii. Removing from saltpoolstore.com and all other websites its false, deceptive and misleading advertising for salt cells, as described herein;
- iii. Issuing a recall notice to all purchasers of the Salt Pool Store's Platinum Edition salt cells in the United States and offering a full refund to any customers who purchased such salt cells;
- iv. Providing corrective advertising on saltpoolstore.com that Platinum Edition salt cells that such products are not are not "Suitable Replacements," "generic equivalents," and/or "equivalent to" Hayward products, nor do Platinum Edition salt cells "Meets original factory specifications," include "5 year full warranty," "exact match," "no re-configuration is necessary," and "no configuration necessary" to Hayward. Further notifying all customers and resellers of Salt Pool Store and Platinum Edition salt cells that such salt cells are not authorized, affiliate, sponsored or certified by Hayward;
- v. Under 15 U.S.C. § 118 and/or other applicable law, destroying all inventory of products listed as "Suitable Replacements," "generic equivalents," and/or "equivalent to" Hayward products, "Meets original factory specifications," include "5 year full warranty," and "exact match" to Hayward including salt cells bearing the HAYWARD®, SWIMPURE®, AQUA RITE®, GOLDLINE®, TURBO CELL®, T-CELL-15®, T-CELL-3®; T-CELL-9®, T-CELLTM, GLX-CELLTM, GLX-CELL-15-WTM, GLX-CELL-9TM, GLX-CELL-5-WTM, or GLX-CELL-3-WTM salt cells or marks, as well as any other salt cells bearing the Hayward Marks, and certifying to Hayward that such destruction has occurred, including the number of units destroyed and the manner of their destruction; and

vi. Within thirty (30) days, providing to Hayward a sworn statement as to

how it has complied with the Court's orders

D. An award of damages under 15 U.S.C. § 1117, and/or other applicable law,

including, without limitation, disgorgement of profits, lost profits, and/or any other damages

sufficient to compensate Hayward for Salt Pool's Store's trademark infringement, false

advertising, counterfeiting, passing off, unfair competition, and false designation of origin;

E. An accounting to determine the proper amount of damages;

F. A three-fold increase in damages under 15 U.S.C. § 1117 and/or other applicable

law, for Salt Pool Store's willful, wanton, and deliberate acts of infringement and unfair methods

of competition and deceptive practices;

G. An award pursuant to 15 U.S.C. § 1117 and/or other applicable law of costs and

pre- and post-judgment interest on Hayward's compensatory damages;

H. An award pursuant to 15 U.S.C. § 1117 and/or other applicable law of statutory

damages;

I. Pursuant to 15 U.S.C. § 1117 and/or other applicable law, an award of reasonable

attorneys' fees and the costs of this action; and

J. Such further relief as this Court deems just and proper.

**JURY DEMAND** 

Hayward requests a trial by jury on all issues so triable.

Dated: July 21, 2020 s/Scott S. Christie

Scott S. Christie

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#### **CERTIFICATION PURSUANT TO LOCAL RULE 11.2**

I certify that the matter in controversy is not the subject of any other action or proceeding pending in any court, or of any pending arbitration or administrative proceeding.

Dated: July \_, 2020 s/Scott S. Christie

Scott S. Christie

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#### CERTIFICATION PURSUANT TO L. CIV. R. 201.1

Pursuant to Local Civil Rule 201.1, I hereby certify the above-captioned matter is not subject to compulsory arbitration in that, *inter alia*, the Plaintiff seeks non-monetary injunctive relief and the amount in controversy exceeds the \$150,000 threshold exclusive of interest and costs and any claim for punitive damages.

Dated: July \_, 2020 s/Scott S. Christie

Scott S. Christie

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